

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
27.1% Vacancy Rate	▲	▲
8.50M Stock, sqm	▲	▲
¥163.1 Rent (PSM/MO) <i>(Property of GRADE A)</i>	▼	▼

ECONOMIC INDICATORS

2024	YOY Chg	12-Month Forecast
5.8% GDP Growth	▼	—
4.3% Tertiary Sector Growth	▼	▲
0.1% CPI Growth	▼	▲
-14.6% Real Estate Development & Investment Growth	▼	▲

Sources: Shenzhen Statistic Bureau,
Moody's Analytics, Cushman & Wakefield Research

CITYWIDE QUARTERLY NET ABSORPTION ALMOST FLAT Q-O-Q

The entry of the Chengjian Yunqi Building in Luohu submarket in Q1 2025 took citywide Grade A office total stock to 8.50 million sq m. The new project will further strengthen Luohu's business environment and attraction for high-quality enterprises. The new supply pushed the submarket's quarterly net absorption to 24,000 sq m, in positive territory for the first time since Q2 2023. Citywide net absorption dipped 1.4% q-o-q, but rose 26.5% y-o-y, at 57,000 sq m. The citywide vacancy rate rose 0.5 percentage points to 27.1% q-o-q, due to new supply combined with limited new demand. Landlords continued to trim rents to retain or attract tenants, leading to a 3.5% q-o-q drop in the citywide Grade A office average rent to RMB163.1 per sq m per month. Landlords have also been proactive in providing more diversified services to enhance the tenant experience.

CROSS-BORDER TRADE GROWTH BOOSTS LEASING DEMAND

Leasing activity in Q1 remained dominated by renewals and relocations. By sector, TMT, retail & trade, and finance were the primary sources of demand, with TMT and retail & trade combined accounting for more than 60% of total leased area. The ongoing tourism recovery saw online travel platforms upgrade office spaces, while firms in the AI and semiconductor fields were also active. The retail & trade sector's leased area surpassed finance and professional services to rise to second place, with cross-border trade contributing nearly one-third of the sector's total leased area. Notably, cross-border trade has created opportunities for e-commerce platforms and merchants as well as for related industries. Leasing transactions were recorded by SaaS providers, international logistics, overseas advertising, and overseas tax services operators.

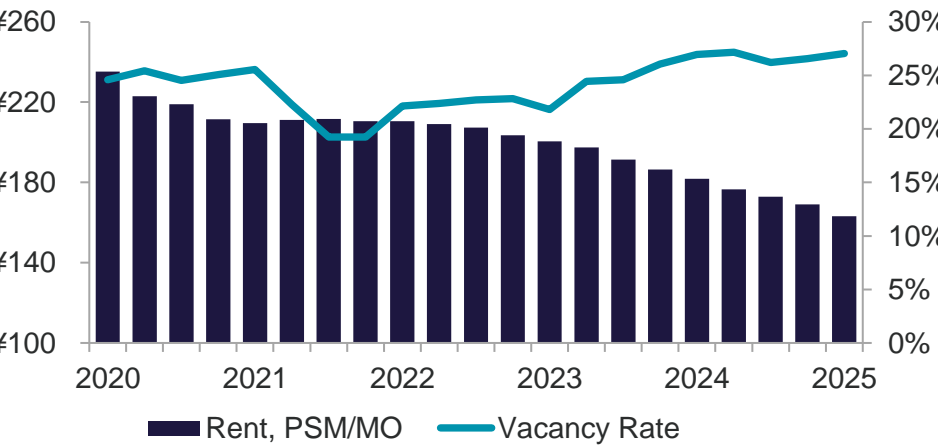
GRADE A OFFICE TENANT POOL EXPECTED TO DIVERSIFY

Approximately 1.25 million sq m of Grade A office space is scheduled to enter the market in 2025, although fierce competition may prompt some property owners to delay entry. Rental rates are expected to decline further this year. Narrowing rental gaps between districts and buildings may see cost-driven relocations across districts decline, while emerging industries are likely to expand occupancy in Grade A offices. Since the start of 2025, a new technology sector wave has begun, and Shenzhen has been ramping up support for tech firms. Ahead, we anticipate that the Grade A office market will see incremental demand growth with the further emergence of high-quality technology sector firms.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY RATE & GRADE A RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	FUTURE SUPPLY TILL 2027 (SQ M)	GRADE A FACE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Luohu	676,813	243,535	36.0%	180,200	¥131.12	US\$1.68	€ 1.55
Futian	3,567,697	750,348	21.0%	296,680	¥178.17	US\$2.28	€ 2.11
Nanshan	2,263,310	617,916	27.3%	2,160,351	¥169.16	US\$2.17	€ 2.00
Qianhai	1,578,670	575,792	36.5%	1,493,455	¥136.64	US\$1.75	€ 1.61
Bao'an	418,280	113,118	27.0%	354,707	¥153.40	US\$1.97	€ 1.81
SHENZHEN GRADE A TOTAL	8,504,770	2,300,708	27.1%	4,485,393	¥163.10	US\$2.09	€ 1.93

Face Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.

Exchange Rate: 1 USD = 7.248109 RMB= 0.92195437 Euros (2025.3.14)

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
COFCO Qianhai Innovation Center	Qianhai	Klook Travel	7,500	Relocation
K11 Atelier	Qianhai	China Resources Gas	3,500	Relocation
Xingtong Tower	Bao'an Center	Sichuan Co-op Investment Group	2,100	New Set up
Tower C, CR Land Building	Hi-tech Park	Guantao Law Firm	2,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Vivo Headquarters Building	Bao'an Center	Vivo	97,700	2025
Ping An Credit Card Building	Qianhai	Ping An	127,000	2025
China Merchants Bank Global Headquarters Building	SZ Bay HQ Base	China Merchants Bank	254,400	2026
Kingboard Headquarters Building	Qianhai	Kingboard Holdings Limited	79,600	2026
SZ Bay HQ Base Tower C	SZ Bay HQ Base	SZ Investment Holdings	292,000	2027

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